

APPENDIX A
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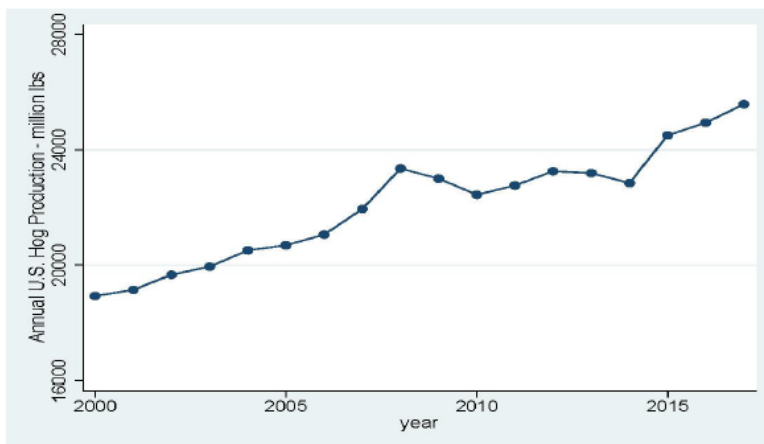
**Complaint Allegations That Conspiracy Was
Effectuated Through Reductions of Defendant-Owned Sows and Hogs**

- “**Vertical integration** allows the integrator Defendants to **directly control** the production and supply of pork through **their wholly owned and operated farms where the hogs are raised, fed, and prepared for slaughter.**” DPP Compl. Dkt 431 ¶ 68; CIIPP Compl. Dkt 808 ¶ 73.
- “The pork integrators (i.e., Defendants) typically **retain ownership of the hogs** and set the terms for how they are raised, **allowing them to further control the supply of the pork on the market.**” DPP Compl. Dkt 431 ¶ 69; CIIPP Compl. Dkt 808 ¶ 74.
- “The pork industry is **almost completely vertically integrated.**” Consumer IPP Compl. Dkt 1111 ¶ 140; *id.* ¶ 139 (“**the industry is nearly fully vertically integrated**, meaning that fewer competitors exist and making it easier to collude on price.”).
- “**Vertical integration is so pervasive** that Defendants are commonly called pork or swine integrators by the industry, government, analysts, and academics.” DPP Compl. Dkt 431 ¶ 68; CIIPP Compl. Dkt 808 ¶ 73.
- “[T]he reduction of sows—i.e. farrowing hogs—has a significant impact on the supply of pork.” DPP Compl. Dkt. 431 ¶ 70; CIIPP Compl. Dkt. 808 ¶ 75.
- “In 2008 Smithfield stopped making traditional production increases **and instead cut its number of sows**, reporting that, ‘We are focused on reducing the number of pigs that come off sow farms, and making sure the ones that come off are worthy of the investment in feed.’” DPP Compl. Dkt 431 ¶ 124; CIIPP Compl. Dkt 808 ¶ 128.
- “In 2009, Smithfield confirmed publicly that it had already reduced the size of its U.S. **herd by two million market hogs** annually, and it was initiating a further reduction of 3% of its U.S. sow herd, effective immediately.” DPP Compl. Dkt 431 ¶ 124; CIIPP Compl. Dkt 808 ¶ 128.
- “Smithfield made additional production cuts in 2010, reporting a cut in its domestic **sow herd** by 5% (about 45,000 sows).” DPP Compl. Dkt 431 ¶ 124; CIIPP Compl. Dkt 808 ¶ 128.
- “In 2011, despite increasing margins, Smithfield continued to **downsize its sow herd**, and vowed publicly that it did not intend to increase capacity.” DPP Compl. Dkt 431 ¶ 124; CIIPP Compl. Dkt 808 ¶ 128.
- “Between 2008 and 2009 **Tyson cut its sows by over 25%**, marking a significant reduction.” DPP Compl. Dkt 431 ¶ 126; CIIPP Compl. Dkt 808 ¶ 130.
- “Also, after acquiring Cargill’s hog production facilities, **JBS reduced the number of sows it produced in 2016 despite increased consumer demand.**” DPP Compl. Dkt 431 ¶ 127; CIIPP Compl. Dkt 808 ¶ 131.

- “Hormel’s production statistics show that it cut its number of sows in 2008 and maintained such reduced production throughout the class period.” DPP Compl. Dkt 431 ¶ 128; CIIPP Compl. Dkt 808 ¶ 132.
- “In September 2008, Christensen Farms, a member of Triumph Foods, reported that it had cut back 11,000 sows.” DPP Compl. Dkt 431 ¶ 130; CIIPP Compl. Dkt 808 ¶ 134.
- “In 2009 Triumph reported substantial cutbacks of approximately 24,500 sows, representing over 6% of its sow herd, contributing to historic production restraints in the pork industry.” DPP Compl. Dkt 431 ¶ 130; CIIPP Compl. Dkt 808 ¶ 134.
- “In 2011 Clemens reported production of 1,000 fewer sows through its subsidiary Hatfield Quality Meats.” DPP Compl. Dkt 431 ¶ 131; CIIPP Compl. Dkt 808 ¶ 135.
- “That same month, Joe Szaloky, director of financial planning and analysis with Murphy-Brown LLC, the production arm of Smithfield Foods, said “[w]e are focused on reducing the number of pigs that come off sow farms, and making sure the ones that come off are worthy of the investment in feed.” DPP Compl. Dkt 431 ¶ 134; CIIPP Compl. Dkt 808 ¶ 137.
- “For instance, in February 2009, AgStar VP Mark Greenwood called on U.S. Pork producers to follow the lead of the broiler and dairy industries by reducing production, **noting that the U.S. pork industry needed to reduce the sow herd by 5-10%, which at the low end would mean reducing the nation’s sow herd by 300,000 sows.**” DPP Compl. Dkt 431 ¶ 137; CIIPP Compl. Dkt 808 ¶ 140.
- “In May 2009, Larry Pope, the CEO and President of Smithfield, stated: In terms of chronology of how I say we proactively managed this business, in February of last year--February of ‘08, not February of ‘09--we made the decision with the over-supply of livestock to take the leadership position and start reducing our sow herds because we saw the overproduction and the oversupplies of the hogs into the market, which was driving our hog market down. **We started a reduction of 50,000 sows and 1 million of our 18 million pigs, we started taking out of the system.**” DPP Compl. Dkt 431 ¶ 138; CIIPP Compl. Dkt 808 ¶ 141.
- “As set forth herein, each of the aforementioned supply reductions during the class period were a departure from the integrator Defendants’ market behavior prior to the conspiracy period. **These supply restrictions involved a significant share of the Defendants’ annual production and are in contravention of Defendants’ individual economic self-interest.**” DPP Compl. Dkt 431 ¶ 133; CIIPP Compl. Dkt 808 ¶ 136.
- “While Defendants went to great lengths to keep the existence of the conspiracy a secret, they admitted in public calls that they had discussed production cuts at least once, and publically signaled to each other that no supply increases would happen.” DPP Compl. Dkt 431 ¶ 5; CIIPP Compl. Dkt 808 ¶ 5.

- “By providing detailed production statistics by participants, Agri Stats allowed each member of the conspiracy to monitor each other’s ongoing adherence to agreed-upon plans for coordinated production limits.” DPP Compl. Dkt 431 ¶ 59; CIIPP Compl. Dkt 808 ¶ 64.
- “The effect of this information exchange was to allow the pork integrators to monitor each other’s production and hence control supply and price in furtherance of their anticompetitive scheme.” DPP Compl. Dkt 431 ¶ 3; CIIPP Compl. Dkt 808 ¶ 3.
- Agri Stats provided “**forward-looking supply information**” “[b]ecause of the nature of the life of a hog,” which makes “**even current and historical information regarding the production numbers of hogs**” forward-looking. DPP Compl. Dkt. 431 ¶¶ 50, 59; CIIPP Compl. Dkt. 808 ¶¶ 55, 64.
- “Supply level information regarding competitors allowed Defendants to know that supply would not increase in the future, *given the lifecycles of the animals*.” DPP Compl., Dkt. 431 ¶ 152; CIIPP Compl. Dkt. 808 ¶ 155 (same); CIPP Compl. Dkt. 1111 ¶ 120.
- Agri Stats reports included hog-related categories of “Weaned Pig Production, Nursery” and “Wean-to-Finish.” DPP Compl. Dkt. 431 ¶ 49; CIIPP Compl. Dkt. 808 ¶ 54.
- “The class period was further characterized by the **increased control over the breeding, production, growing, and processing of pork** by the Defendants **through vertical integration and the exclusive production contracts with hog farmers**.” DPP Compl. Dkt 431 ¶ 67; CIIPP Compl. Dkt 808 ¶ 72.
- “Agri Stats told *swine* industry” that “*commercial swine operation/s*” should subscribe. DPP Compl., Dkt. 431 ¶ 41; CIIPP Compl., Dkt. 808 ¶ 46; CIPP Compl., Dkt. 1111 ¶ 171.
- “This historical trend changed markedly during the conspiracy period. As demonstrated in **Figure 7 below**, at several points during the Class Period, the pork integrators changed their behavior and acted in a concerted way to decrease supply.” DPP Compl. Dkt 431 ¶ 120; CIIPP Compl. Dkt 808 ¶ 124.

Figure 7: U.S. Annual Commercial Hog Production by Weight, 2000-2017



- “These supply cuts were coordinated, historic and unprecedented.” DPP Compl. Dkt 431 ¶ 121; CIIPP Compl. Dkt 808 ¶ 125.
- “As part of their acts and conduct in furtherance of the conspiracy, each of the Defendants participated in these supply restraints.” DPP Compl. Dkt 431 ¶ 123; CIIPP Compl. Dkt 808 ¶ 127.
- “In July 2009, Smithfield’s CEO went on to note in Smithfield’s annual report in July 2009: ‘I strongly believe that the hog production industry has reached an inflection point where, due to deep and extended losses, liquidation is now a recognized reality by all in the industry. **To date, Smithfield has already reduced the size of its U.S. herd by two million market hogs annually, and we are initiating a further reduction of 3% of our U.S. sow herd, effective immediately.** This reduction, combined with the additional cuts by our fellow producers should shrink supply to a point where the industry can return to profitability. This liquidation is long overdue.’” DPP Compl. Dkt 431 ¶ 141; CIIPP Compl. Dkt 808 ¶ 144.
- “In August of 2009, Wesley Mendonça Batista, CEO of JBS USA, communicated the start of JBS USA’s participation in hog liquidation efforts. Mr. Batista stated, “we are seeing the start, we are seeing some increase in—not increase, we are seeing some more [hog] liquidation.” DPP Compl. Dkt 431 ¶ 144; CIIPP Compl. Dkt 808 ¶ 147.
- “In September 2009, the CEO of Smithfield stated that he had conversations with “sizable large producers” and that they would be doing some liquidation.” DPP Compl. Dkt 431 ¶ 145; CIIPP Compl. Dkt 808 ¶ 148.
- “In December of 2009 the CEO of Smithfield confirmed it had done its ‘fair share’ to cut supply and communicated that others needed to continue cutting supply to ‘put this industry back in balance.’” DPP Compl. Dkt 431 ¶ 146; CIIPP Compl. Dkt 808 ¶ 149.
- “In a January 2010 article, an industry insider noted that the pork industry still needed a 12% reduction in order to restore the pork industry to profitability, **even though sow numbers had already dropped by over 5% in 2009.**” DPP Compl. Dkt 431 ¶ 147; CIIPP Compl. Dkt 808 ¶ 150.
- “On March 8, 2010, Wesley Mendonça Batista mentioned Defendant JBS’ reduction in hog supply as a driver of profitability, and stated that these efforts were resulting in protein shortages.” DPP Compl. Dkt 431 ¶ 149; CIIPP Compl. Dkt 808 ¶ 152.
- “The pork processors admitted in public calls that they had discussed production cuts at least once, and publicly signaled to each other that no supply increases would happen.” Consumer IPP Compl. Dkt 1111 ¶ 8.
- “For example, in May 2009, Larry Pope, the CEO and President of Smithfield stated: In terms of chronology of how I say we proactively managed this business, in February of last year – February of ‘08, not February of ‘09 – we made the decision with the over-supply of livestock to take the leadership position and start reducing our sow herds because we saw the overproduction and the oversupplies of the hogs into the market, which was driving our hog

market down. **We started a reduction of 50,000 sows and 1 million of our 18 million pigs, we started taking out of the system.”** Consumer IPP Compl. Dkt 1111 ¶ 99.

- **“For instance, in February 2009, AgStar VP Mark Greenwood called on U.S. Pork producers to follow the lead of the broiler and dairy industries by reducing production, noting that the U.S. pork industry needed to reduce the sow herd by 5-10%, which at the low end would mean reducing the nation’s sow herd by 300,000 sows.”** Consumer IPP Compl. Dkt 1111 ¶ 100.
- **“By January 2009, Hormel had reduced its sow numbers from 63,000 to 54,000. In order to accomplish this reduction, Hormel sold sows in California and switched farms to finishing.”** Consumer IPP Compl. Dkt 1111 ¶ 101.
- **“In August 2009, Steve Meyer, an economist at Paragon Economics, subsequently acquired by Agri Stats, stated that ‘If we are to reduce output to drive prices up, we must reduce the sow herd by a larger percentage than the productivity growth.’”** Consumer IPP Compl. Dkt 1111 ¶ 110.
- **“Defendants responded to the encouragement from Smithfield to cut production. During 2009, Triumph reduced the number of sows that it had from 396,000 to 371,500.”** Consumer IPP Compl. Dkt 1111 ¶ 112.
- **“In particular, Triumph reduced the number of sows by 14,500 at its Christensen Facility; 4,000 at its New Fashion Pork Facility, 5,000 at its Eichelbarger facility.”** Consumer IPP Compl. Dkt 1111 ¶ 112.
- **“During 2009, Tyson reduced the number of sows that it had from 70,000 to 52,000.”** Consumer IPP Compl. Dkt 1111 ¶ 113.

**Complaint Allegations That Conspiracy Was
Effectuated Through Increasing Pork Exports:**

- **“At the same time, pork producers were further reducing domestic supply by devoting more and more production exports to overseas markets.”** DPP Compl. Dkt 431 ¶ 122; CIIPP Compl. Dkt 808 ¶ 126.
- “The U.S. has been a net exporter of pork products for a long time, but those exports have comprised a much larger share of total production in the past ten years. As shown in Figure 8 below, less than ten percent of U.S. pork production was exported in 2000. By 2011, more than twenty percent was being exported.” DPP Compl. Dkt 431 ¶ 122; CIIPP Compl. Dkt 808 ¶ 126.
- **“Sending production overseas is another way in which Defendants were able to reduce the supply available to U.S. markets, thereby driving up prices.”** DPP Compl. Dkt 431 ¶ 122; CIIPP Compl. Dkt 808 ¶ 126.
- “The significant expansion in exports meant that increases in hog production by Defendants did not result in an increase in the supply of pork products in the United States market.” DPP Compl. Dkt 431 ¶ 122; CIIPP Compl. Dkt 1111 ¶ 126.
- **“Smithfield also focused an increasing portion of its production on exports, with its sister company in China, Shuanghui Development, opening a plant in China in 2015 to turn pork sourced from Smithfield in the U.S. into packaged meat with the Smithfield label.”** *Id* Dkt 431 ¶ 125; CIIPP Compl. Dkt 808 ¶ 129.
- **“In 2011 JBS USA reported that in the prior two years its pork export volume had grown from 15% to 20% of total production at JBS USA.”** DPP Compl. Dkt 431 ¶ 127; CIIPP Compl. Dkt 808 ¶ 131.
- **“Throughout the class period, including in 2010 and 2011, Seaboard placed an increasing emphasis on exports and increased its volume of export sales to foreign markets.”** DPP Compl. Dkt 431 ¶ 129; CIIPP Compl. Dkt 808 ¶ 133.
- “Seaboard dedicated several employees to international sales and exports. Seaboard also reduced supply in 2013 and, once again, these reductions had their intended effect—higher pork prices.” DPP Compl. Dkt 431 ¶ 129; CIIPP Compl. Dkt 808 ¶ 133.
- **“Additionally, Triumph focused its production on exports, and stated on its website that it is one of the top exporters of pork products worldwide.** These exports constituted a significant portion of its production throughout the class period, and reduced or otherwise limited Triumph’s production in the United States.” DPP Compl. Dkt 431 ¶ 130; CIIPP Compl. Dkt 808 ¶ 134.
- **“Defendants also were reported to have increased exports 8% by March 2010, which was expected to lead to higher hog prices.”** DPP Compl. Dkt 431 ¶ 150; CIIPP Compl. Dkt 808 ¶ 153.